

SECRET

15 June 1959

The EIC Subcommittee on Petroleum

Annual Report

Fiscal Year 1958-59

A. Activities of the Subcommittee During Fiscal Year

1. Review of the Intelligence Product

The Subcommittee considers the intelligence product to be responsive to the missions and responsibilities of member agencies.

2. Research and Collection Deficiencies

a. Research Deficiencies

(1) The priority deficiencies of research which have been identified by the Subcommittee are included in EIC 5-5/4, 15 June 1958. The Subcommittee recognizes the need for periodic revision of the existing list and a review is scheduled for an early Subcommittee meeting.

(2) In response to a request from the EIC Secretariat, the Petroleum Subcommittee agreed to accept responsibility for nuclear grade graphite.

b. Collection Deficiencies

The Subcommittee reviewed CIA/ORR statements of priority gaps in intelligence on Petroleum in the USSR, Reactor Grade Graphite in the USSR, Helium Production in the USSR, Rumania- Petroleum and Hungary- Petroleum. It was the consensus of the Subcommittee that these deficiency statements presented an accurate and adequate coverage of each of the subjects, and that they comprise an acceptable basis for Subcommittee statements of priority collection deficiencies.

3. Review of Substantive Papers

The Subcommittee formally reviewed CIA/PR IM 59-5, Significant Developments in the Fuels and Power Industries of Communist China, 1958, 8 May 59, (S).

Other papers informally discussed or noted by the Subcommittee during the Fiscal Year 1958-59 are as follows:

Title	Agency
From Europe's Dependence on Middle East Petroleum	Office of Civil and Defense Mobilization and the Departments of Commerce, Defense, Interior, and State.
A Study of the Objectives, Capabilities and Vulnerabilities of the Petroleum and Natural Gas Industries of the Union of Soviet Socialist Republics During the Period 1959 to 1972.	Army, 488th SIRA, Reserve Unit.
Graphite for Soviet Reactors	CIA

4. Review of Proposals for External Research

No proposals for external research were brought to the attention of the Subcommittee during Fiscal Year 1958-59.

5. Maintenance of Agreed Basic Statistics

The Subcommittee has developed agreed basic statistics covering the major elements of the petroleum economy of each country of the Sino-Soviet Bloc for 1958. The Subcommittee plans to continue the annual up-dating of these statistics.

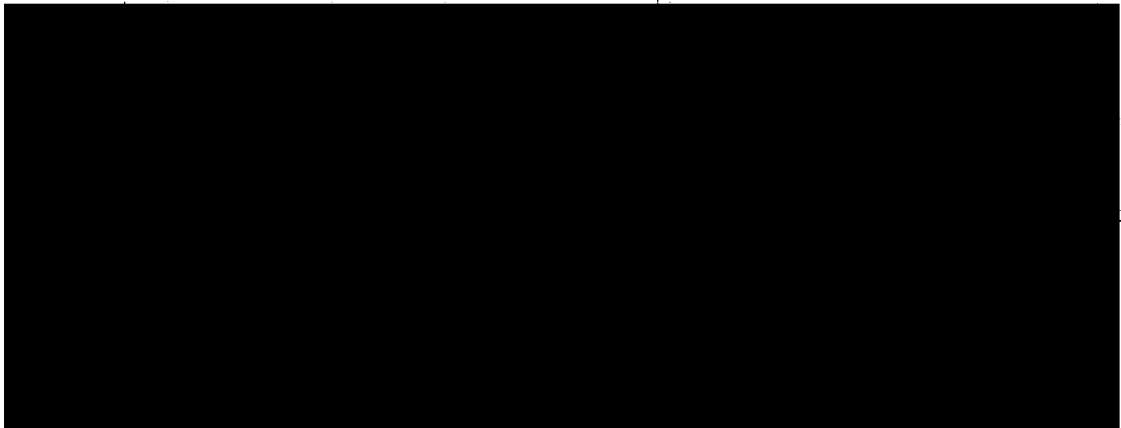
6. Projects Undertaken at the Request of the EIC or Proposed to the EIC

The Subcommittee submitted to the EIC a proposal for a Subcommittee-coordinated project to develop estimates of consumption of petroleum products by the military forces of the Sino-Soviet Bloc during 1958 and 1959. The form and coverage of this project would follow that of EIC-PRC-WF 2, 1 March 1958, which carried estimates of military consumption of petroleum products in the Sino-Soviet Bloc during 1956-57.

7. Intelligence Research Techniques

The Subcommittee has nothing to report.

8. Special Coordination Functions of the Subcommittee



25X1X4

9. Evaluation of the Role of the Subcommittee

a. The Subcommittee continued to function actively in its role of reviewing, coordinating, and furthering economic intelligence research in the field of petroleum. In addition, the Subcommittee provides a valuable medium for the exchange of ideas and information of mutual interest to the members of the intelligence community.

b. The functions of the Subcommittee have in the past been impeded by relatively poor attendance. In recent months, however, attendance at the bi-monthly meetings has shown a marked improvement, resulting for the most part from the effort to include items of more than routine interest on the Subcommittee agenda.

B. Future Program of the Subcommittee

The Subcommittee plans to continue a program of bi-monthly meetings, reviews of substantive papers, development of agreed basic statistics, reporting of research and collection deficiencies and special projects in accordance with those responsibilities outlined in the EIC Handbook and in the Subcommittee Terms of Reference.